F. C. I. News Letter

PUBLISHED BY
The FEDERAL CROP INSURANCE CORPORATION
United States Department of Agriculture
Washington, D.C.

March 11, 1939 Number 10

News Letter is designed to inform field workers of the AAA and FCIC of developments in the crop insurance program and is not for general distribution

278,000 GROWERS APPLY FOR ALL-RISK INSURANCE

With the application phase of the 1939 wheat insurance program closed more than a quarter of a million applications have been written. It is expected that several thousand more will be reported from spring wheat growers as soon as they are cleared through the county offices. More than 50 percent of the applications from winter wheat growers have matured into policies, and policies have already been issued to 10,000 spring wheat growers in 282 counties. Applications have been received from every single county in Kansas, North Dakota, Ohio, and Oklahoma and from nearly every county in the other important wheat-growing states. All but three of the applications written in New Jersey have matured into policies.

Latest available figures indicate that mere than 4⅓ million acres of wheat are insured by the Corporation for an insured production of more than 40 million bushels. The Corporation's wheat reserve as of February 28 was 3,857,888 bushels. Of this amount, 1,756,982 bushels, nearly half of the entire reserve, have been paid in as premiums by growers of Kansas, Nebraska, and Texas alone. See page two for the tabulated report on progress to date.

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SINCLAIR LEWIS INSURES HIS NORTH DAKOTA WHEAT

Main Street is not forgotten by Sinclair Lewis, novelist and Nobel prize winner, who owns a farm in North Dakota. And he hasn't forgotten his farm, either, because just a few days ago "Red," as he was known to his Sauk Center friends, applied for insurance on his 213-acre farm at Park River, N. Dak.

The application was mailed from New York City and covered his interest in 39½ acres of wheat that will be planted on the farm this year. Mr. Lewis applied for 75 percent coverage, which guarantees him 103 bushels at a cost of 15½ bushels.

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ELEVATOR MEN HEAR FRASER

In an address at the annual convention of the Minnesota Farmers' Elevator Association February 21, J. H. Fraser, manager of the Minneapolis branch office, spoke on the progress of the crop insurance program in the wheat-growing regions of the country, particularly the spring wheat area. He also discussed crop insurance from the elevator operator's standpoint and what it means to that and other lines of business.

COMBINED REPORT OF BRANCH OFFICES
February 24, 1939

State	Applications received	Premium notices issued	Premiums received	Premiums received	Policies issued	Number of counties
KANSAS CITY BR.				Percent		
Ohio	25,275	25,013	10,334	41.3	10,199	88
Indiana	18,027	17,800	11,204	62.9	11,012	89
Illinois	21,881	21,645	12,228	56.5	11,983	94
Michigan	9,729	9,658	5,059	52.4	4,978	40
Iowa	6,809	6,692	4,646	69.4	4,543	56
Missouri	31,695	31,416	15,875	50.5	15,631	112
Nebraska	29,119	28,738	12,742	44.3	12,633	78
Kansas	26,712	26,314	14,910	56.7	14,707	105
Oklahoma	13,280	13,198	8,729	66.1	8,451	77
Texas	6,050	5,946	3,704	62.3	3,555	71
Idaho (South)	934	898	387	43.1	315	18
Wyoming	738	704	233	33.1	211	10
Colorado	4,284	3,993	779	19.5	753	29
New Mexico	416	411	113	27.5	108	5
Utah	749	739	426	57.6	396	13
California	1,439	1,346	849	63.1	574	37
TOTAL	197,137	194,511	102,218	52.5	100,049	922
MINNEAPOLIS BR.						
Wisconsin	228	224	152	67.8	147	14
Minnesota	13,304	12,162	3,550	29.2	3,188	66
North Dakota	37,088	33,026	3,051	9.2	2,158	53
South Dakota	14,418	13,437	2,266	16.9	1,663	65
Montana	3,918	3,607	1,608	44.6	1,259	43
Idaho (North)	1,365	1,348	914	67.8	772	8
Washington	2,424	2,360	1,025	43.4	499	19
Oregon	659	604	427	70.7	330	14
TOTAL	73,404	66,768	12,993	19.4	10,016	282
WASHINGTON BR.						
New York	820	816	653	80.0	622	18
New Jersey	32	32	29	90.6	29	2
Pennsylvania	3,521	3,509	2,295	65.4	2,112	26
Delaware	170	169	79	46.7	73	5
Maryland	1,546	1,537	982	63.9	939	13
Virginia	1,376	1,372	913	66.5	887	13
West Virginia	2	2	1	50.0	1	2
TOTAL	7,467	7,437	4,952	66.6	4,663	77
KANSAS CITY TOTAL	197,137	194,511	102,218	52.5	100,049	922
MINNEAPOLIS "	73,404	66,768	12,993	19.4	10,016	282
WASHINGTON "	7,467	7,437	4,952	66.6	4,663	77
COMBINED TOTAL	278,008	268,716	120,163	44.7	114,728	1,281

NEW SYSTEM SET UP FOR NUMBERING 1940 FORMS

With the issuance of the new County Yield and Rate Procedure for the 1940 wheat crop insurance program a new system of numbering the Corporation's operating forms is inaugurated. The 1940 County Yield and Rate Procedure will be off the press in about 10 days and is designated as FCI-1 -- Wheat-1940. A supplement to the yield and rate procedure to be followed for Special Practices will be printed at the same time as the main procedure and will be designated as FCI-1 -- Wheat-1940, Supplement No. 1.

Upon carefully considering all of the factors involved in the numbering of our forms for the various phases of the 1940 program a plan has been worked out whereby forms will be numbered in series, each form in a series according to its type, e.g., procedure and operating forms used in counties and states will be labeled Form FCI-00 -- Wheat-1940; grain and traffic forms will be labeled Form FCI-00 -- Traffic; informational forms or publications will be labeled FCI-00 -- Information; Regulations will be labeled FCI-00 -- Regulations -- Wheat 1940.

Within each series, forms will be arranged according to the procedure to which they relate, e.g., County Yield and Rate Procedure, as stated above is Form FCI-1 -- Wheat-1940; Crop Insurance Work Sheet, Form FCI-2 -- Wheat-1940; Key Farm Listing Sheet, Form FCI-3 -- Wheat-1940; Appraised Farm Listing Sheet, Form FCI-4 -- Wheat-1940, and so on for forms within the assigned block that pertain to yield and rates. It is tentatively planned that the application procedure and forms will be numbered within the FCI-10 to 29 block; the policy, FCI-30 to 39; Adjustment, FCI-40 to 59; county accounting and expense, FCI-60 to 69, and miscellaneous, from 80 on.

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MONTANA FARMERS INSURE NEARLY 200,000 ACRES

Forty-two percent of Montana's 1936 harvested winter wheat acreage has this year been insured by over 1,000 Montana farmers with the Federal Crop Insurance Corporation, according to W. S. Bailey, State chairman of the Agricultural Conservation Committee. In actual figures 189,550 acres had the protection of an FCI all-risk policy as of February 3 as compared with the 447,000 acres of winter wheat harvested in 1936.

This insured acreage, Mr. Bailey says, represents about a third of the 3,695 applications written in Montana up to February 3. The leading county, he says, from the standpoint of insured winter wheat acreage is Fergus, with 242 applications covering nearly 26,000 acres.

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NORTH DAKOTA LEADS NATION WITH 40,067 APPLICATIONS

North Dakota continues to lead the Nation in the number of crop insurance applications -- 40,067 up to February 17. The Flickertail State has accounted for more than half of the total number written in the eight states of the spring wheat region. Up to February 17 the total applications numbered 77,672 for the entire region. Minnesota, with 3,113 policies issued, leads in that respect.

A fair percentage of North Dakota's applications are expected to mature into policies, Albert S. Marshall, state chairman of the ACP committee in North Dakota says.

KANSAS FARMER IS AWARDED MEDAL FOR CERTIFIED SEED

The public is finding out things about the men who, in many communities, took the lead in recognizing the value of the new Federal wheat crop insurance. One such leader, who received the first all-risk crop insurance policy issued in Kansas, is a gold medalist in seed production; a general farmer who grows high quality baby beeves, spring lambs, and purebred pigs and poultry; a member of Farm Management Association No. 4; a Farm Bureau member, and a Rotarian. He is Vincent J. Meyer of Olathe, Kans.

A tenant farmer, Mr. Meyer operates 1,000 acres of crop land. He keeps over 300 head of cattle, hogs, and sheep. His wife keeps over 200 head of poultry and cares for her family. Meyer has sold over 9,000 bushels of certified seed of his own growing and steadily is building up the fertility of the soil he farms by following crop rotations worked out for his land and locality.

It all came out the other day when Mr. Meyer was summoned to the annual dinner of the Kansas Crop Improvement Association at Manhattan to receive a gold medal and the title of Kansas Premier Seed Grower. This award is made by the Association, started in 1930. Only 18 men have received this recognition. The crops of which Mr. Meyer produces the certified seed which brought recognition as a "Premier Seed Grower" are Kawvale and Clarkan Wheat, Atlas Sorgo, Pride of Saline corn, and Kanota oats.

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HOPPER SURVEY MADE IN KANSAS CITY AREA

A resume of information on grasshopper infestation and its probable effect on the coming winter wheat harvest has been made by the Corporation in the Kansas City area. Data, mostly obtained from extension entomologists of Nebraska, Oklahoma, and Texas, suggest that in the Plains states producing a large share of the winter wheat, the center of the grasshopper threat is moving southward.

It seems generally understood that damage by "resident" types of grasshoppers is most serious on early sown wheat in the fall when mild autumn weather favors the hatching of large late broods. If spring hatching has been early, or a cool damp June has delayed the harvest, broods of either migratory or nonmigratory hoppers cause considerable loss by biting off the heads of the ripening wheat.

Methods of hopper control, preceded by surveys of infested areas, are given credit for limiting and even reducing grasshopper damage saving millions of dollars in each of the badly affected states.

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15,972 BUSHELS -- NO LESS

Mrs. Herman Gibbens, owner, and P. E. Hendrickson, operator, have applied for all-risk crop insurance on 1,760 acres at Calvin, N. Dak. The guaranteed production under this application is 15,972 bushels and is the largest application written in North Dakota to date.

MISSOURI FARMER GETS POLICY NUMBER 100,000

Wheat crop insurance policy number 100,000 has been issued to Jesse E. Smith, Route 1, Odessa, Mo., by the Kansas City branch of the Federal Crop Insurance Corporation. Mr. Smith's policy insures him 75 percent of the tenant's share in a 14.2-bushel yield on 23 acres of wheat -- his A.A.A. allotment. Smith's landlord, C. B. Lale, has policy number 97,515 on his share of the insured crop.

Nearly 16,000 Missouri wheat growers now have paid-up policies on their 1939 yields. In this respect the "Show Me" state leads by over 800 policies all other states. Insurance policies now in effect in Missouri guarantee growers more than 3⅓ million bushels of wheat and premiums paid in by Missouri farmers amount to over 222,000 bushels. Lafayette County, where the holder of Policy No. 100,000 farms 200 acres of rented land, made the best showing in the state in crop insurance, according to State Crop Insurance Supervisor W. R. Hechler, who says that nearly 900 policies are in force in that county.

In commenting on the wide interest in crop insurance in Lafayette County, Emmet Slusher, chairman of the ACP committee, gave credit to the work of Palmer Sill, former state crop insurance supervisor, and County Agent Roy Coplen. "We followed a simple plan in introducing this new program to Lafayette County farmers," Slusher said. "We held meetings in the 13 community centers and the farmers who attended helped to spread the information over the county."

Farmers in all but three of Missouri's 115 counties have taken out all-risk policies, according to Mr. Hechler. Representative farming communities such as Lafayette, Nodaway, Chariton, Bates, Johnson, Ray, Gentry, Andrew, Carroll, Marion, Henry, and Holt counties have from 400 to 900 policies in force which means that farmers in every community in the state will have an opportunity to see how crop insurance works out.

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LOSS ADJUSTMENT WORK IN TEXAS OFF TO GOOD START

The first report on meetings being held preparatory to the work of adjusting losses comes from State Crop Insurance Supervisor E. R. Duke of Amarillo, Tex. Mr. Duke writes:

> "These meetings were held in Fort Worth February 6, Coleman February 7, Seymour February 8, Plainview February 9, and Amarillo February 10. Meetings were attended by county crop insurance supervisors and county committeemen as well as association secretaries. M. P. Leaming assisted with the meetings, and Tom Allington was with us at the Fort Worth meeting.
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> "The meetings were well attended and we get the impression that the manner in which adjustments will be made, as explained, was well received and that those in attendance felt that it was a practical and reasonable approach to the problems in connection with adjustments. The committees seem to feel that they will be able to handle adjustments satisfactorily under the procedure outlined."

WHAT IS INSURANCE?

Instead of the usual installment of "What is Crop Insurance," News Letter lists selected literature references on agricultural insurance in general so that crop insurance workers may review the material listed with a view to acquiring background information on the subject. Practically all agricultural libraries and libraries of all larger cities have on hand copies of the literature here cited.

Bissell, R. M.--Calamity Insurance. It Won't Guarantee a Profit, But it Will Protect Against a Total Loss. Country Gent. Vol. 89, No. 38, pages 7 and 28, Sept. 20, 1924.

Gray, C. H.--What's Next in Insurance? Bur. Farmer. Vol. 3, No. 4, pages 7 and 34-36, November 1928.

Hoffman, G. W.--The Outlook for Crop Insurance. Amer. Acad. Polit. and Social Sci. Ann. Vol. 142, No. 231, pages 302-311, March 1929.

Palmer, A. H.--Recent Developments in Weather Insurance. Amer. Met. Soc. Bull. Vol. 6, No. 5, pages 65-73, May 1925.

Reed, W. G.--Weather Insurance. U. S. Dept. of Agr. Monthly Weather Review. Vol. 44, pages 575-580, 1916.

Reid, E. B.--Can Farm Crops be Insured? A Method that is Being Suggested to Stabilize Income. Successful Farming. Vol. 22, No. 1, pages 5 and 32, January 1923.

Reid, E. B.--Farming With an Insurance Policy. Country Gent. Vol. 92, No. 3, pages 11 and 189, March 1927.

Tolley, H. R.--1937 Farm Bounty Prospects: Crop Insurance on the Way? U. S. News. Vol. 4, No. 43, page 4, Oct. 26, 1936.

Valgren, V. N.--Agricultural Insurance. Casualty Actuarial Soc. Proc. Vol. 8, part 2, No. 18, pages 186-200, May 17, 1922.

Valgren, V. N.--Crop Insurance: Risks, Losses, and Principles of Protection. U. S. Dept. Agr. Bull. 1043, 27 pages, 1922.

Valgren, V. N.--Farmers Need Protection Against Loss Through Various Kinds of Insurance. Hoosier Farmer. Vol. 16, No. 17, pages 3 and 16, Sept. 1, 1931.

Valgren, V. N.--Insurance to Fit the Farmer's Needs. Jour. Amer. Insurance. Vol. 6, No. 11, pages 19-20, November 1929.

Valgren, V. N.--Our Facilities for Farm Insurance. Mutual Insurance Jour. News. Vol. 24, No. 11, pages 4785-4786, October 1931. Also in South. Planter, Vol. 93, No. 7, April 1, 1932.

Wallace, H. A.--A Method of Insuring Crops. A Plan for Furnishing Protection Against Crop Risks at the Minimum of Cost. Wallaces' Farmer. Vol. 47, No. 9, page 293, March 3, 1922.

Wilcox, E. V.--An Average Yield or Your Money Back. Farmers May Insure Their Crops Against Almost All the Dangers They Encounter. Country Gent. Vol. 86, No. 17, pages 8 and 28, April 23, 1921.

DETERMINATION OF MIXED YIELDS WILL BE MADE AT HARVEST TIME

In reply to a question raised by crop insurance fieldmen regarding the handling of cases where there is a mixture of wheat and oats, spelt or barley at harvest time, the Corporation has decided that where these mixtures occur, a determination will be made at harvest time as to the amount of wheat and amount of other grain in the mixture, and only the wheat will be counted as production.

Where permission has been given to put the land to other use, and oats, barley, or spelt is seeded with the remaining wheat, the appraised yield will be considered as production unless the amount of wheat in the mixture at harvest time is more than the appraised yield, in which case the amount of wheat at harvest time will be considered the production from the acreage.

If mixtures of this kind are on the farm when loss adjustments are made, the total production of the mixed grains will be measured as wheat, and the amount of other grains in the mixture will be determined and entered in Item 8 of Form FCI-66, and then deducted in determining the net quantity of threshed wheat in Item 9. Grain mixtures seeded as such, for the purpose of participation in the Agricultural Conservation Program, are not involved in the above discussion, as that acreage was not insured.

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NORMAL YIELD OR LESS EXPECTED FOR KANSAS

Although it is too early to predict the probable wheat production in Kansas next year, present conditions indicate that the state will produce a short crop. It is feared that even with normal weather from now until harvest the yield will be curtailed due to the weak plant which does not usually produce normal heads. The worst condition prevails in the north-central section of the state comprising about 4 million acres. The balance of the state's acreage is rated from fair to good, some moisture having been received the week ending February 11.

The Kansas Weekly Weather and Crop Bulletin of February 14 states that "The condition of winter wheat declined slightly during the past week, and additional moisture is needed to prevent further deterioration. Mild and windy weather the fore part of the week caused depletion of topsoil moisture and blowing occurred in some fields where growth was thin and spotted. A severe cold wave accompanied by sleet and snow the last part of the week caused some damage to wheat, particularly in late seeded fields but as yet the extent of the injury is not known."

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"RAINY DAY" COMES TOO OFTEN

Joe H. Evert of Fontana, Kans., tells how his father came to Kansas from Indiana 50 years ago. The family worked hard and in the course of time they owned one of the best 365-acre farms in Kansas. Not only this -- they had some money saved up for a "rainy day."

The "rainy day" did come and in various forms. In 1934 the drought caused their annual income to be $500 less than operating expenses. They had to sell 75 percent of their livestock that year because of feed shortage; in

1935, flood and drought again threw this pioneer family for a $1,000 loss; in 1936 they barely made what it cost them for food and to run the farm; in 1937, drought, grasshoppers, and black rust threw them another $1,000 in the red; again in 1938, flood, drought, and grasshoppers set them back another $1,000. For the first time in 20 years the farm is mortgaged. Four years of crop failure had undone the hard work of many years.

Crop insurance, says Mr. Evert, would have steered the farm clear of that mortgage. "It does more than just repay a farmer for his losses," he writes. "It helps build up courage again for self-sustainment by giving us at least a guarantee of our operating expenses and a small income for livelihood."

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CROP INSURANCE AND THE HIGH PLAINS

Corporation Manager Leroy K. Smith on March 7 spoke at the Regional Farm Conference at Dodge City, Kans., on how crop insurance will work for High Plains farmers. The following is an abstract of Mr. Smith's talk:

The westward movement of the Wheat Belt to the Great Plains opened up the greatest country in the world, but it also dramatized the problem of crop failure. High quality, high-protein wheat production goes hand in hand with a rigorous climate, where a few slight changes in the weather can wipe out the margin between a good harvest and a lean one. The Plains were turned to wheat at a time when power machinery was making it possible for large acreages to be handled by one man. The result was that the Plains became the source of 400 to 500 million bushels of the nation's wheat crop.

Plains Farmers Had No Precedent

When farmers turned the Plains to wheat they had no guide to the situation they must meet. They had no way of knowing that low yield years could be expected frequently, nor that failures would strike two, three or more years in succession. They had to learn this the hard way, and the high cost of learning is shown in the large number of foreclosures, frequent changes in land ownership, delinquent taxes, a heavy relief load, and misuse of the land by hard-pressed farmers. In the past, wheat growers have had to meet the cost of crop failure out of the individual reserves set up in good years, and when a series of poor years, such as 1934 and 1936, visits the Plains, the reserves of many farmers are exhausted.

A planned program for agriculture such as we have today would have prevented many of the mistakes that were made. Soil conservation, acreage adjustment, commodity loans and crop insurance would have enabled producers to plan for the future. Had some system of crop insurance been in effect then, it would have helped the farmers who were turning the western plains into wheat fields to realize some of the risks involved. It would have helped them design an agricultural pattern more in conformity with the land and the climate.

But it remained for the costly droughts of 1934 and 1936 to focus National attention on the increasing risks assumed by the farmers who produce the Nation's bread. These two years convinced the Nation that crops may fail

for any farmer in any year, and that frequent recurrence of crop failure can bankrupt not only the farmer but also the community in which he lives. The thinking that has been going on for a long time in the minds of farmers and their representatives in Congress, crystallized into a plan of crop insurance that will bridge the gap opened by crop failure.

Farm Program Offers Aid

It is believed that the present method of applying insurance principles to growing crops rounds out the National farm program giving wheat growers a means by which they may guide their course toward a solution of problems that have beset the wheat industry. Wheat growers now have acreage adjustment to conserve their soil and to regulate production to demand; storage loans to provide them immediate income while waiting for higher prices; an export sales program to aid them in maintaining a fair share of the foreign market, and through crop insurance they can be sure of having wheat to sell every year.

Some problems of the crop insurance program in the Plains are:

(1) Lack of credit with which farmers may pay premiums, (2) high risks, reflected in high premium rates, (3) rapid development of improved practices, not reflected in the base period.

The droughts of 1934 and 1936 left many growers without either wheat or cash. The Federal Crop Insurance Corporation during the past season has made every effort to make credit facilities available to these growers. The Corporation made it possible to assign policies for loans, and brought to the attention of lending agencies the need for and the feasibility of this new type of credit.

Accurate Premium Rates Important

Premium rates must reflect the true risk of growing wheat on the insured farm. Any variance one way or the other would inevitably operate to the detriment of the program as a whole. In the High Plains this has meant a "breaking point" -- on some lands the premium rate becomes so high in relation to the yield that it is not feasible to insure. This may mean: (1) Grower has had unusually hard luck during base period; (2) under past farming practices land cannot economically grow wheat.

While the averages include the good years of the 1926-30 period, the drought yields may have weighted the averages against the grower. To bring the yield record up to date, the yields of the 3 years from 1936 to 1938 are being added making a 13-year base period, 1926 to 1938. This may help the grower who had abnormally bad luck in the base period, but may not change the picture for the average grower.

Improved farming practices such as summer fallowing, the consideration of soil-moisture tests as a guide to planting, and the wider use of irrigation have increased to a great degree in the Plains in the past few years.

Under a new "special practices" procedure, the Corporation plans to give due consideration to growers who use special farming practices which will improve the yield of their crop. This will be accomplished by using a key farm system in which the results of improved practices can be measured and applied to each insured farm. This is a standard insurance practice, to give customers the benefit of better rates when they have reduced their hazards.